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RUEHLC/AMEMBASSY LIBREVILLE 1026
RUEHLO/AMEMBASSY LONDON 1731
RUEHFR/AMEMBASSY PARIS 2237
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UNCLAS SECTION 01 OF 03 NDJAMENA 000676

SIPDIS

SENSITIVE
SIPDIS

LONDON AND PARIS - FOR AFRICA WATCHERS; ACCRA - FOR
GEOFFREY HUNT; DEPT OF STATE/OES - FOR JEFF MIOTKE AND ANN
COVINGTON; EAP - FOR JOY YAMAMOTO; EEB - FOR TED SAEGER;
DEPT OF ENERGY - FOR CAROLYN GAY

E.O. 12958: N/A

TAGS: [CD](#) [CH](#) [ECON](#) [ETRD](#) [PREL](#) [ENRG](#) [EPET](#)

SUBJECT: CHINA IN CHAD: AN ECONOMIC AND COMMERCIAL
PERSPECTIVE

REF: A. A. NDJAMENA 468

[1](#)B. B. NDJAMENA 666

[1](#)C. C. NDJAMENA 649

[1](#)1. (SBU) SUMMARY: Mr. Huang Mingyuan, Economic and
Commercial Counselor of the Chinese (PRC) Embassy in Chad,
provided an overview of the current state of China's
activities here. Since reopening its embassy in N'djamena in
2006, China has responded to a variety of needs expressed by
the Chadian government, from health care to energy. In
addition, a Chinese company is negotiating a joint-venture
with Chad to build an oil refinery. He explained China is
providing aid in the form of donations of equipment and
scholarships while it is also entering into joint ventures
with Chadian entities. Regarding private investors, Mr.
Huang said the role of the Chinese Embassy in Chad is to
provide information on the economy and business opportunities
to Chinese companies. It is up to the companies to visit
Chad and decide for themselves whether they will invest here.
Mr. Huang expects Chinese investments in Chad to increase
but he noted the overall insecurity here is always a concern.
END SUMMARY.

PROVIDING SOCIAL SERVICES

[1](#)2. (SBU) In the area of public health, China is providing
human resources, pharmaceuticals, and equipment. Mr. Huang
said China has sent nine doctors to work at one of the two
main hospitals in N'djamena (Hopital de la Liberte). Two
shipments of medicines have been sent, including routine
medicines and medicines for Malaria. Beijing is shipping
hospital equipment, such as x-ray machines, due to arrive via
air in one week. He noted the PRC had funded the
construction of Hopital de la Liberte in 1996 when they
previously had diplomatic relations with Chad. (Note: Taiwan
provided assistance to this hospital once China left. End
note).

[1](#)3. (SBU) In education, China is providing scholarships to
30 Chadian students to study in China in various disciplines.
In the energy sector alone, China plans to train 1,000
Chadians in the coming years to develop expertise in oil
exploration and production. Mr. Huang commented the

returning graduates will be available to work on any oil project and not just those financed by Chinese entities. China will also build three schools in N'djamena and in rural areas.

ENERGY

¶4. (SBU) As reported in reftel B, Chinese companies are investing in exploration of new oil fields (CNPC is undertaking seismic studies) and they are considering a joint-venture oil refinery project. According to Esso (the ExxonMobil-led oil consortium) officials in N'djamena, they have heard talk of the Chinese refinery project and expect the Chinese may ask the Chadian government for another bloc or more in return for carrying out the project. In an interview on official radio August 16, Minister of Petroleum Emmanuel Nadingar announced the agreement for this refinery, to be located east of N'djamena (between Douggia and Djarmaya) would be signed in September. It would produce 20,000 barrels a day. The Minister also noted the newly-created national oil company, Societe Tchadienne d'Hydrocarbure, would be involved in the exploration, production and distribution of petroleum products including the creation of filling stations. Foreign companies interested in oil exploration in Chad would be able to enter into partnerships with the new company.

¶5. (SBU) Esso officials said they have an ongoing dialogue with CNPC about shipping CNPC's eventual crude oil via the Chad-Cameroon pipeline. When asked about the pipeline, Mr. Huang said the plan was for some of the Chinese crude to be shipped out of Chad via the pipeline and some would be

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processed in the refinery. Econoff also asked about reports China may try to connect its oilfields in Chad with pipelines in Sudan and Mr. Huang replied that would not be feasible.

¶6. (SBU) Following up on information requested in reftel B on China's impact on natural resources, an international group charged with overseeing Chad's use of its oil reserves recently visited Chad. The group, the International Advisory Group (IAG), noted the Chadian government's National Technical Committee for Monitoring and Control (French acronym: CTNSC) has only staff person in N'djamena who is able to make only a few site visits. He has conducted a few inspections of CNPC's operations with the goal of ensuring oil companies are complying with Chad's "Environmental Management Principles" which is one of the CTNSC's prerogatives on behalf of the government. The IAG further noted due to the government's almost total lack of oversight of oil activities, the government is unable to protect its own interests and those of its citizens in the oil zone. It is also unable to ensure companies comply with the government's own regulations and there is little indication of a long-term solution to this problem. The IAG pointed out, however, under Chad's new petroleum code enacted May 2, 2007, that environmental requirements are now more stringent and will be applicable starting with the exploration phase. These new environmental requirements have not resulted in Chad's implementation of oil spill response mechanisms as the National Oil Spill Response Plan (NOSRP) has still not been approved four years after production began at the Doba fields, nor has it finalized implementing decrees for Law 14/PR/98 which defines broad environmental protection principles.

INFRASTRUCTURE

¶7. (SBU) According to Mr. Huang, China plans to build six roads covering ten kilometers in N'djamena. Construction will start after the rainy season ends (around October/November).

CEMENT FACTORY

¶8. (SBU) A Chinese company has submitted a proposal to the Chinese Exim bank for a loan at preferential rates to build a cement factory. The factory would be near Pala, in southern Chad near the Cameroonian border.

TELECOMS

¶9. (SBU) Mr. Huang said another Chinese company will invest in the government telecommunications parastatal, providing the "third generation" of telecoms, including cell phone, land lines, and internet services. This investment would also benefit from preferential loans.

CANCELLATION OF DEBT

¶10. (SBU) Another facet of China's assistance to Chad, according to Mr. Huang, is debt cancellation. China has canceled all of Chad's bilateral debt on loans outstanding as of 2005. As all its other new activities (hospitals, roads, schools, etc.) are donations and the rest are private ventures, he said Chad now has no outstanding loans owed to China.

PREFERENTIAL TARIFFS AND TRADE FAIRS

¶11. (SBU) China has a list of 442 Chadian products that would benefit from preferential tariffs. China is planning to hold a trade fair this year to which Chad will be invited. More than 40 Chadians have gone to seminars in China in various fields including embroidery, water (hydraulics), and

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management of the cotton sector.

ONLY CARROTS, NO STICKS

¶12. (SBU) COMMENT: As reported in reftel B, the Chinese Embassy is sensitive to criticisms of its activities in Africa, and Chad in particular, in terms of human rights and transparency. With China's policy of non-interference in Chad's internal affairs, it will be interesting to see what role Chinese oil firms play, if any, in the implementation of Chad's Extractive Industries Transparency Initiative (EITI - see reftel C). The Chinese have an ambitious program in Chad, ranging from humanitarian projects to potentially profit-making ventures. They seem to be seizing the moment to realize results of these efforts, perhaps before Chad replaces them (again) by the Taiwanese. END COMMENT.
TAMLYN